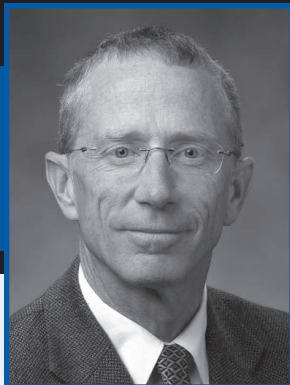


LEGISLATIVE REPORT 2011



STATE SENATOR

Bruce Caswell

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Use the QR reader on your
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Dear Friend:

I appreciate the opportunity to serve as your state senator and want to send along this legislative report.

It has been gratifying to have so many people share their ideas, comments, frustrations and concerns with me. Whatever their walk of life or political belief, there has been a common theme: do something about our struggling economy and the exodus of our children and grandchildren leaving our state to find work.

Because our economic problems have been years in the making, challenging the status quo has called for bold, decisive action. In a few short months we have delivered substantial reform and I am excited about the future of Michigan.

Getting Michigan back on track won't be easy or painless, but our work will mark the start of a better, more prosperous future for all.

Along with a focus on job growth, we also tackled the state's perennial budget deficit. The budget is lean but free of one-time fixes and gimmicks.

I am honored to be your voice in Lansing. Please don't hesitate to contact me - your concerns are important and help me better represent your needs. I look forward to hearing from you.

Sincerely,

Bruce Caswell

Senator Bruce Caswell

*"In a few short months we have delivered
substantial reform and I am excited
about the future of Michigan."*

— Senator Bruce Caswell

PROPOSED PERSONAL PROPERTY TAX CHANGES



Senator Caswell discusses legislation with Lt. Governor Calley

A lot of talk about eliminating the personal property tax has occurred over the past year. Personal property tax is the tax that businesses pay on the equipment they have to make their products. They have to pay the tax on their equipment each year. This tax remains as a large disincentive for businesses to invest in new equipment or expand their operations and for companies to move their production lines to Michigan. Senator Caswell has been participating with other legislators in a workgroup hosted by Lieutenant Governor Brian Calley to discuss ways to eliminate the personal property tax while holding our communities and schools harmless from the loss of revenue.

“I have advocated for the elimination of the personal property tax for a number of years and I continue to work toward its eventual elimination,” Caswell said. “However, we must ensure that the elimination of the personal property tax does not negatively affect our schools and municipalities that rely on taxes collected through the personal property tax.”

Welfare Reforms Eliminate Lifetime Benefits

In 2006, the Legislature passed and Governor Granholm signed into law House Bill 6580, a bill that created Michigan’s 48-month lifetime limit on the cash assistance portion of welfare. With the passage of the 48-month lifetime limit on welfare, Michigan joined the 47 other states in the Union that have time limits on how long someone may receive welfare benefits. This law put Michigan in compliance with the federal welfare guidelines that also have a limit. The federal government will assist states with their welfare programs up to 60 months, after which the states must pay for welfare benefits in excess of that timeframe using state funds. When Governor Engler left office, the state had 6,000 welfare cases that exceeded the federal limit. By the time Governor Granholm left office, the number had increased to 14,000. The recently passed legislation removes the sunset date of September 30, 2011 that was placed in the original 2006 law to allow the 48-month limit to remain in place. The 48-month limit does not apply to the food assistance program (food stamps), job placement aid, day care assistance, emergency energy assistance, or individuals that have severe disabilities.

The Department of Human Services (DHS) initially sent letters out to over 14,000 recipients to inform them about the 48-month limit and the possibility that they would be cut off from cash assistance. Of those letters sent, 1,461 contacted the DHS helpline to inquire about what options they would have. Of that number, only 8 asked for job assistance information.

Driver Responsibility Program Modified Through Caswell Bill

Earlier this year, Senator Bruce Caswell introduced Senate Bill 166, a bill to eliminate the driver responsibility program. In June, the Senate passed a modified version of the bill and the House Transportation committee currently continues work on the bill. The amended bill eliminates the \$200 civil infraction “no insurance” fee, the \$150 “drove with expired license” fee, and lowers the \$200 “no proof of insurance” fee to \$140. If passed, the changes would go into effect for any violations after October 1, 2012. The driver responsibility program collects approximately \$130 million each year and SB 166 would eliminate about \$13 million of that revenue.

“I believe that the current bill provides a good starting point toward this ultimate goal and I shall continue my efforts to eliminate this bad law that has had a devastating effect on individuals and families throughout Michigan.”



INFORMATION ON RECENT TAX REFORMS



Earlier this year, the Legislature passed and the Governor signed into law several changes to Michigan's tax code. These changes focused on job creation and making Michigan more competitive with other states. The reforms, coupled with reductions in state spending and a commitment from the Governor to pay down the state's long-term debt, will help put Michigan on the track for recovery. The Legislature significantly cut the Governor's original pension tax proposal from \$900 million to \$300 million, while ensuring that small businesses receive much needed tax relief. The Legislature made several changes to the bill before it became law to provide significant protection for the vast majority of Michigan's current retirees as we transition into the new tax structure. The legislation represents an initial net tax cut of \$780 million over the next two years.

One change that has received much attention is the modification of the income tax exemption for pensions. For the tax year beginning on January 1, 2012, the exemptions on private and public pensions will change. The new law will have three levels of exemptions, based on your date of birth and your age.

In all three levels of exemptions, the age of the oldest spouse determines the age category that will apply to the pension and retirement benefits of both spouses, regardless of the age of the younger spouse. For example, if the older spouse was born before January 1, 1946 and the younger spouse was born after 1946, the exemptions of the older spouse would apply to both taxpayers' pension income.

For taxpayers born before January 1, 1946, no changes in the pension exemption will occur.

For taxpayers born between January 1, 1946 and December 31, 1952, there will be two different age-based categories that will apply: one before you reach age 67 and one after. Before you reach age 67, you will have an exemption on the first \$20,000 for an individual or \$40,000 for a married couple on your retirement or pension income (i.e. 401k, pension, IRA). Any non-retirement income would continue to be taxed at the normal state income tax rate. When you turn 67, you would retain the exemption on the first \$20,000 for an individual or \$40,000 for a married couple on your retirement or pension income, but the exemption would also apply to any non-retirement income, too.

For taxpayers born after December 31, 1952, there will also be two different categories that will apply: one before you reach age 67 and one after. Before you reach age 67, you will have no exemptions on your retirement or pension income and non-retirement income. When you reach age 67, you will choose between one of two exemptions:

1. An exemption on the first \$20,000 for an individual or \$40,000 for a married couple on your retirement or pension income, non-retirement income, and Social Security income all combined; or,
2. 100% exemption on Social Security income only, but you pay income tax on your full retirement or pension income and non-retirement income.

CASWELL BILLS HELP ELIMINATE MEDICAID WASTE

In July, Governor Snyder signed two bills sponsored by Senator Bruce Caswell that will allow the Department of Community Health and the Secretary of State to work with automobile insurers to avoid having Medicaid pay for auto related injuries that private automobile insurance should cover. Senate Bills 441 and 442 will cross-reference data on Medicaid recipients with data from auto insurance companies to help keep the taxpayer-funded Medicaid program from paying for medical treatments related to automobile accidents when a Medicaid recipient has auto coverage. These bills will generate \$22 million in savings for the Medicaid program.



FREE RESOURCES

Also available at
www.SenatorBruceCaswell.com

- ☐ State of Michigan map
- ☐ Citizen's Guide to State Government
- ☐ Consumer Protection Resource Guide
- ☐ Declaration of Independence and Constitution of the United States
- ☐ Planning for Your Peace of Mind:
a Guide to Medical and Legal Decisions

Please mark the material you would like to receive and return to Senator Bruce Caswell at P.O. Box 30036, Lansing, MI 48909-7536, or email me at senbcaswell@senate.michigan.gov.



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STATE SENATOR 16th District

Bruce Caswell



State websites to help you save

Compare the cost of prescription drugs
www.michigandrugprices.com

Look for the cheapest gas prices
www.michigan.gov/gasprices

Compare auto, home and renters insurance rates
www.michigan.gov/ofir

Compare the rates of basic phone service
www.michigan.gov/mpsc click on Affordable Telephone Service

Search for your lost or unclaimed property
www.michigan.gov/treasury

New scanner law retains strong consumer protection

The new scanner law went into effect on September 1. The new law replaced the requirement to mark the price of each item individually with a requirement to display an item's price clearly nearby the location of the item. That could mean displaying the price with a sign, even an electronic display, where the item is located. The familiar consumer protections remain in place. When you check out, if you are charged more than the price displayed, you can request the difference between the price and what you were charged plus a bonus of 10 times the difference (minimum of \$1 and a maximum of \$5). To file a complaint about a store not displaying a shelf tag to indicate the price of an item, you may send a written complaint to the Department of Agriculture & Rural Development and mail it to 940 Venture Lane, Williamston, MI 48895. You may also call the Department at (517) 655-8202 to file a complaint over the phone.

Your Link to Lansing

You may sign up for periodic e-mail updates on Senator Caswell's website www.SenatorBruceCaswell.com. Click the "Subscribe to e-mail list" link on the right side of the web page and input your name and e-mail address.